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# United States Senate

WASHINGTON, DC 20510-3405

April 7, 2008

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The Honorable Douglas Shulman  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Shulman:

There is compelling evidence that the Internal Revenue Service's (IRS) private tax collector initiative is a dismal failure. We are writing to ask you to immediately undertake a review of this ill-advised program. We feel confident that once you take a close look at the program, you will determine it is a waste of taxpayer dollars and use your authority to terminate it.

Like its predecessor in the 1990s, the IRS's current use of private tax debt collectors has led to aggressive, and in many cases, improper or illegal collection practices, including disclosure of confidential taxpayer information. Dozens and dozens of complaints have been raised by taxpayers who have been subject to abuse and intimidation -- like an elderly couple that reportedly received some 150 telephone calls over 27 days even though the taxpayer the private collectors were looking for did not live at that address. It's unfortunate, but not surprising, that the IRS has imposed penalties totaling \$10,000 for violations of taxpayer rights.

Not only have private tax collection workers violated federal debt collection laws and disclosed confidential taxpayer information, the program lost \$50 million its first year and is expected to lose more in the future.

We believe if you look objectively at the program's operation, you will conclude its costs far exceed any claimed benefits. In terms of the amount of revenues collected, IRS officials have acknowledged all along that professional IRS workers can do a far better job collecting tax debts than private collection firms. In fact, a recent analysis by National Taxpayer Advocate Nina Olson, an independent voice at the IRS, suggests that using private collectors will result in net revenue foregone of \$81 million annually over the next five years. Since the initial rationale for using private tax collectors was to raise revenues, there is no justifiable reason to continue this wasteful government program when the IRS can bring in far greater amounts at a far lower cost.

In conclusion, we ask that you make it a top priority to reconsider the misguided IRS policy of using private tax collectors. It's clear that using professional IRS workers would raise a great deal more revenue without subjecting taxpayers to abusive collection practices. We urge you to focus the resources of the IRS where they can bring in a substantially greater return on investment and properly safeguard taxpayer rights and privacy in the process.

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Thank you in advance for your prompt attention to this request. We look forward to hearing from you soon.

Sincerely,



Byron L. Dorgan  
U.S. Senator



Patty Murray  
U.S. Senator